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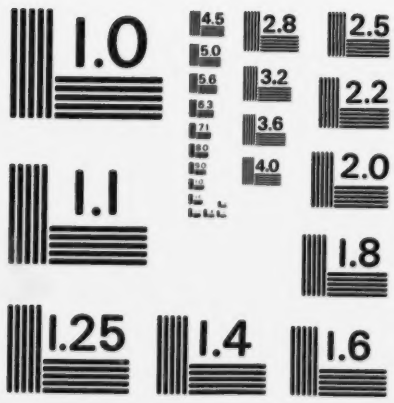

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ORGANIZATIONS AND FUNCTIONS OF AGRICULTURAL BUSINESSES. AGRICULTURAL SUPPLY - SALES AND SERVICE OCCUPATIONS, MODULE NUMBER 5.

OHIO STATE UNIV., COLUMBUS, CENTER FOR VOC. EDUC.

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ONE OF A SERIES DESIGNED TO ASSIST TEACHERS TO PREPARE HIGH SCHOOL STUDENTS FOR AGRICULTURAL SUPPLY OCCUPATIONS, THIS MODULE AIMS TO DEVELOP STUDENT UNDERSTANDING OF THE FUNCTIONS AND ORGANIZATIONAL PATTERNS OF AGRICULTURAL SUPPLY BUSINESSES. IT WAS DESIGNED BY A NATIONAL TASK FORCE ON THE BASIS OF STATE STUDY DATA. UNITS ARE IMPORTANCE OF BUSINESS TO THE COMMUNITY, FUNCTIONS OF AN AGRICULTURAL SUPPLY BUSINESS, TYPES OF AGRICULTURAL SUPPLY BUSINESSES, AND ORGANIZATIONAL PATTERNS OF AGRICULTURAL SUPPLY BUSINESSES. MEANS OF INTRODUCING AND EVALUATING OUTCOMES, AND SOURCES OF INSTRUCTIONAL MATERIAL ARE SUGGESTED. EACH SECTION INCLUDES SUBJECT MATTER CONTENT, TEACHING-LEARNING ACTIVITIES, INSTRUCTIONAL MATERIALS, AND REFERENCES. IT IS DESIGNED FOR 12 HOURS OF CLASS INSTRUCTION AND 6 HOURS OF OCCUPATIONAL EXPERIENCE. TEACHERS SHOULD HAVE AN AGRICULTURAL SUPPLY BACKGROUND AND STUDENTS AN OCCUPATIONAL GOAL IN THE FIELD. THIS DOCUMENT IS AVAILABLE FOR A LIMITED PERIOD AS PART OF A SET (VT 000 632 - 000 644) FOR $7.00 FROM THE CENTER FOR VOCATIONAL AND TECHNICAL EDUCATION, THE OHIO STATE UNIVERSITY, 980 KINNEAR ROAD, COLUMBUS, OHIO 43212. (JM)

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ORGANIZATIONS AND FUNCTIONS OF AGRICULTURAL BUSINESSES

One of Twelve Modules in the Course Preparing for Entry in
AGRICULTURAL SUPPLY - SALES AND SERVICE OCCUPATIONS
Module No. 5

The Center for Research and Leadership Development
in Vocational and Technical Education

The Ohio State University
980 Kinnear Road
Columbus, Ohio, 43212

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August, 1965

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MEMORANDUM

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(Address) 980 Kinnear Road, Columbus, Ohio 43212

DATE: August 7, 1967

RE: (Author, Title, Publisher, Date) Module No. 5, "Organizations and Functions of Agricultural Businesses," The Center for Vocational and Technical Education, August, 1965.

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Time Allotment Estimated time listed in module. (P)

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Necessary x
Desirable
(Check Which)

Describe Suggested references given in module. (P)

Source (agency)
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ORGANIZATIONS AND FUNCTIONS OF AGRICULTURAL BUSINESS

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ORGANIZATIONS AND FUNCTIONS OF AGRICULTURAL BUSINESS

Major Teaching Objective

To understand the functions and organizational patterns of agricultural supply businesses.

Suggested Time Allotments

At school		
Class instruction	12 hours	
Laboratory experience	0 hours	
Total at school		12 hours
Occupational experience		6 hours
Total for module		18 hours

Suggestions for Introducing the Module

High school students preparing for employment in service and supply businesses in agriculture should have a general knowledge of the functions performed by these businesses and the organizational patterns that permit carrying out such functions. The high school-level course should be limited, reserving in-depth study of the field until the student is more mature and has had first-hand experience in business organization. In a post-high school course in this area, the instruction should be thorough enough to warrant separate consideration of business functions and patterns of organization.

The teacher should base the instruction on the experience level of the students, being careful not to exceed the students' ability to relate what is taught to their own work experiences. Should he wish, the teacher may omit Competency IV entirely or substitute simpler diagrams to show the lines of authority in local businesses with which the students are familiar.

The teacher should also encourage open-mindedness to avoid reinforcing individual prejudices during the study of controversial business organizations and practices, such as cooperatives, patronage dividends, and liability.

This module attempts to develop understandings in the following four areas:

1. The importance of business to a community
2. The functions of an agricultural supply business
3. The types of businesses
4. The organizational patterns of businesses

To introduce the module, develop with the students a list of reasons why the local agriculture supply businesses identified during study of the "Career Opportunities in Agricultural Sales and Services" module are important to the community. Include more than the obvious reasons of hiring local labor and supplying the products and services needed by the customers of the area.

Although various farm supply businesses perform different functions, most of them, regardless of size and organizational structure, perform the same basic functions. Among these are the following:

1. Assembling supplies for customers to buy
2. Transporting supplies to other businesses and/or customers
3. Processing supplies for customers
4. Sorting, grading, or standardizing supplies not previously classified by the manufacturer or wholesaler
5. Storing supplies until customers desire them
6. Packaging supplies for customers
7. Advertising available supplies
8. Selling supplies
9. Providing information on proper use of products sold
10. Providing miscellaneous services, such as advising about planting and spraying
11. Providing the capital to operate a business
12. Assuming the risks of operating a business

Use a well-known local agricultural supply business as the basis for this discussion. Challenge the students by telling them that this business performs at least ten distinct functions.

Using the list of local agricultural supply businesses, next have the students attempt to determine the type of ownership of each. Classify each business according to the four basic types of business ownership common in the United States.

1. The individual proprietorship
2. The partnership

3. The general-business-type corporation

4. The cooperative-type corporation

Within each of these four types of businesses are three basic organizational patterns, each of which may have modifications. The three patterns are:

1. The line, or military, pattern

2. The functional, or plural, pattern

3. The line and staff pattern

Competencies to be Developed

I. To understand the importance of business to a community

Teacher Preparation

Subject Matter Content

The word business has several meanings, the most pertinent of which is "the activities involved in the production and exchange of goods and services." In the agricultural supply business the specific concern is the production, distribution, and sale of agricultural supplies and services in order to satisfy the needs of customers and make a profit for the business. To be successful, the business must provide supplies and/or services at a time, in a form, and at the place desired by the customer. It must also make a profit to continue operation and pay salaries or wages.

In primitive societies the material wants of man were met directly and simply, for the family provided its own food, clothing, and shelter and acquired any other wants by barter. There was no mechanism for producing, transporting, financing, storing, or selling goods; for business did not exist.

Today our society is much different: the economy of our nation and of every modern state revolves around business. Each man is dependent on others to provide the services of business for him. He no longer catches his own fish to fertilize corn, collects and saves his own seed, raises his "horsepower," or grows all his livestock feed. Most of his needs are produced by others and made available to him by business at the time, in the form, and at the place he desires.

Thus, as business in general is essential to modern living; so also is the agricultural supply and service business to today's agriculture. It provides the following important services:

1. Supplies a variety of the materials needed in modern agriculture

2. Supplies many services needed by farmers, ranchers, and homeowners

3. Supplies information about agricultural products and techniques

4. Provides jobs

5. Supports schools, communities, and the nation through direct payment of taxes and indirect employee payment of taxes

The consumer ultimately determines the success of a business. Only when the business can satisfy the customer by supplying his wants and needs in an effective and efficient manner is the existence of that business justified.

Suggested Teaching-Learning Activities

1. Have the students determine the number of employees in local agricultural supply businesses. Estimate the payroll of these employees and the amount of taxes these businesses and employees contribute to the local community.

2. Determine whether the local community could support any new agricultural supply businesses and could do without any present ones. Discuss the need for competition among agricultural supply businesses.

Suggested Instructional Materials and References

Instructional materials

List of agricultural supply businesses in the local area

References

1. Business Organization, pp. 1-11.
2. Introduction to Business Enterprise, pp. 3-38.
3. Managing for Greater Returns.

Suggested Occupational Experience

Have each student study the business at which he is obtaining occupational experience to determine its importance to its customers and the community, and be prepared to report his findings to the class. Such a study or report should include

1. Geographical area covered
2. Types of people served
3. Services rendered

II. To understand the functions of an agricultural supply business

Teacher Preparation

Subject Matter Content

The purpose of the agricultural supply business is to provide the supplies and services needed by the customer. To achieve this purpose, it must have commodities in a desirable place, and at a reasonable price. The functions of business are involved with form, time, place, and price problems.

Price, which influences profit, is established by the cost of providing a product or service in the form and at the time and place that the customer desires. For example, a farmer planting corn does not want to purchase fertilizer in one-pound plastic bags (form) in the middle of winter (time) at a city department store (place). This form, time, and place may be entirely satisfactory to a housewife with a few house plants. However, the corn producer would be more likely to purchase a ton of fertilizer in bulk form at the local plant in the month of April. The relation of form, time, and place to price should be understood by all persons working in an agricultural supply business.

The functions of businesses are many and varied, but several are common to most agricultural supply businesses. Only the methods of accomplishing them differ. These functions can be conveniently divided into the following three groups:

1. Functions of exchange
    a. Selling, creating demand, advertising
    b. Assembling, buying, gathering supplies
2. Functions of physical supply
    a. Transportation
    b. Storage
3. Facilitating functions
    a. Processing
    b. Packaging
    c. Standardization, sorting, grading
    d. Financing
    e. Risk-taking
    f. Market information
    g. Providing service

These are the functions of a business. All deal with the place, time, and form of a product, and all contribute to the cost of marketing a product. Students who understand these functions of a business will be better able to provide the type of sales and service that makes them valuable employees of an agricultural supply or service business.

Selling

Selling, or exchange of supplies and/or services, is the main function of an agricultural supply business. The object of selling is to dispose of supplies or services at prices that result in profit to the business. Selling can be accomplished by various methods, such as displaying supplies at a convenient place, informing prospective buyers about supplies or services,

and motivating them to buy. This would involve creating demand, advertising, and aggressive salesmanship. The activities essential to successful sales are as follows:

1. Study of the market for the supply or service
2. Development of the product or service in demand
3. Making the product or service available to customers
4. Development of an educational program to inform customers

Agricultural supplies and services are sold by different methods. Most are sold by informing the customer of the availability of the supply or service and having him come to the place of business. Some supplies or services may be sold by telephone or written communications. Others may be sold by salesmen calling on the customer.

Assembly

Assembly as a function of exchange involves the buying and gathering together of supplies at a place convenient for sale or distribution. An agricultural supply or service business must use judgment in determining the supplies or services its customers will demand and then buy and assemble these materials at a time and place and in a form that meets the needs of the customers. Assembly of supplies and services by an agricultural supply business that handles only one commodity line and only one brand name is relatively simple, but the general agricultural supply business that handles commodities of several brands must assemble supplies from many sources. The effectiveness with which a business assembles and distributes supplies can be measured by the rate of inventory turnover. Ineffective assembly results in high inventory volumes, slow turnover, accummulation of obsolete items, and lowered profits.

Transportation

The function of transportation, a place utility, is closely related to assembly and selling. Agricultural supply businesses are concerned with the transportation of materials to their places of business and from there to the buyers. Agricultural supplies move by all modes of transportation, but railroads and long distance trucking account for the major tonnage of supplies shipped to retail agricultural businesses. Short haul trucking is the major source of transportation from the business to the ultimate consumer. Businesses must consider transportation when determining location and assembling, since carload and truckload rates are lower than less-than-carload or truckload rates. Thus, transportation is closely related to the functions of assembly and storage.

Storage

Storage, a time factor in marketing, is of prime concern in handling commodities of considerable volume and of seasonal demand, such as commercial fertilizer. Since there is a heavy demand for fertilizer in certain seasons and a lesser demand at other periods of the year, it is difficult to have all the fertilizer delivered to the business at the exact time that the customer will demand it. Therefore, storage facilities are needed. Frequently businesses give off-season discounts on supplies to induce customers to buy, thereby evening out their flow of supplies and reducing the storage facilities needed. This same storage problem exists with other supplies, such as feed, petroleum, and chemicals.

Processing

Processing, a facilitating function of some, but not all, agricultural supply businesses, is any activity that changes the form of the commodity. Examples of processing that are frequently a function of an agricultural supply business are

1. Feed grinding, mixing, and formulating
2. Seed cleaning and treating
3. Fertilizer mixing and blending

Packaging

Packaging, a function of some agricultural supply businesses, is a form function. It is an attempt to supply the product in an attractive, convenient-sized container for the customer. Feed, seed, and fertilizer are examples of commodities that an agricultural supply business may buy in bulk and package before retailing the products to the customer.

Standardizing

Standardizing, sorting, and grading are functions continually performed throughout marketing channels. At the retail agricultural supply business this involves assembling supplies of established grades or by visual grading by personnel of the business or representatives for the business. Many commodities are graded by government inspectors and/or manufacturers or producers. Grading is the division of goods into lots which have approximately the same characteristics of type, size, or quality, or of two or three of these factors. The object of this function is to prepare supplies to better meet the demands of the market and bring about

a better understanding between the buyer and seller. Customers of any business also grade and sort whenever they make purchases, since they frequently compare quality and price of supplies before making their selections.

Financing

Financing is a function of all marketing operations. Considerable capital is required to provide the buildings, equipment, and inventory to operate a business, and to take care of the accounts receivable. Whoever provides this capital expects to be paid interest for the use of his money. Generally, businesses require two forms of capital, long-term and short-term. Long-term capital is generally used for buildings and equipment, and short-term credit is used for fluctuating inventory and other expense items.

Long-term credit needs for non-corporate businesses is most often supplied by

1. The proprietors of the business
2. Silent partners of the business
3. Investment of the business profits
4. Funds obtained by various types of mortgages

Corporate types of businesses, both "old line" and cooperative, obtain their long-term credit needs through the sale of securities called stocks and bonds. Stocks evidence ownership and bonds evidence creditorship.

Businesses normally obtain short-term credit from commercial banks. This is referred to as stand-by credit and is used when businesses have a high demand for credit for a short time. Examples of this in agricultural supply businesses are

1. Businesses need to hire labor and purchase materials for seed cleaning, treating, and bagging when the income from this expense is two or three months later. This is a self-liquidating loan, as it is repaid from the proceeds of the seed which cause the expense.
2. Businesses may purchase supplies at a bargain price in an off season, and hold them in storage until the market season. The additional profit on the product should be in excess of the cost of borrowing the capital. Purchasing chemical herbicides at a discount in December for sale in May is an example.

Risk-taking

Risk-taking is another facilitating function of businesses. It is common to all businesses and contributes to the cost of doing business. Some of the more common risks are as follows:

1. Risks involved in trading
    a. Change in customer demands and loss if supplies do not move
    b. Adverse price changes
2. Risks involving damage to property
    a. Fire, wind, rain, and other natural causes
    b. Spoilage or deterioration of supplies in storage
3. Risks with employees and the public
    a. Persons injured or killed while on the job
    b. Injury or damage to customers
4. Risks from death of key personnel
5. Risks from political factors
    a. Enactment of new laws; repeal of old ones
    b. Changes in taxation, zoning, or other regulations
6. Risks of dishonest employees
7. Risks of bad debts

Businesses can handle risks in three ways. They may assume these risks and pay such costs as they occur; they can reduce or eliminate their risks by superior management, caution and safety; or they may have insurance, thus shifting the risks to professional risk takers and sharing them among other businesses so as to substitute a known cost for an unknown cost. Insurance can be purchased to provide financial protection against most risks. A form of insurance to protect against fluctuating prices of certain commodities is known as futures.

Note to teacher: Consider briefly at the high school level, and expand for fast high school classes.

Market information

Market information that is accurate and readily available is useful to businesses and customers. It has the same kind of value as standardization and grading. Each is important in the establishment of a market price and in determining the ease with which products can be sold. When a commodity is graded and market information about the amount on hand is available and the price at various places is known, businesses and customers have more confidence in the accuracy of the price and the commodity is easier to sell. Persons are hesitant to buy when they lack information about the quality and true market value of a product.

Suggested Teaching-Learning Activities

1. Have a panel of local agricultural supply businessmen appear before the class to explain the functions of their businesses. The teacher may act as moderator and draw from the panel the methods each employs to handle the functions of his business. Point out how these functions are similar and how they differ.

2. Have teams of students study an agricultural supply business or a function of it and explain to the class the various methods used by agricultural supply businesses to perform these functions. This should result in a rather complete listing of the methods used locally to sell, create demand, assemble, buy, transport, store, process, package, grade, finance, reduce risk, and gather market information.

Suggested References

References

1. Business Organization, pp. 51-64, 90-109, 190-235.

2. Introduction to Business Enterprise, pp. 83-110, 135-164, 453-461.

Suggested Occupational Experience

Have each student study the functions that the business at which he is obtaining experience provides, and how it accomplishes these functions.

III. To understand the types of agricultural supply businesses

Teacher Preparation

Subject Matter Content

There are various methods of classifying the types of businesses in the United States: as "big" business or "small" business; or, in agricultural supply, as feed, seed, machinery, petroleum, service, general farm supply, or garden center businesses. They may also be classified by ownership structure, the four basic types of which being

1. The individual proprietorship
2. The partnership
3. The general-business-type corporation
4. The cooperative-type corporation

There are various modifications of these four types of businesses and also a number of other ownership structures, but they are not common to agricultural supply businesses.

The major characteristics, advantages and disadvantages of each of the four major types of businesses are

1. The individual proprietorship

   a. Characteristics

      1) Business is owned by one person.
      2) The owner generally manages it.
      3) Owner retains all benefits and all the responsibilities.
      4) All the owner's property is liable in satisfaction of the debts of the business.

   b. Advantages

      1) Simple to organize, manage, and dissolve
      2) Few requirements; no need to account to anyone
      3) Profits are taxed only once as income of owner

4) Limited governmental regulation

a) No state charter or state reports required
b) Must observe child labor industrial codes, witholding tax, social security laws, and other state and federal regulation

5) Little or no organization costs
6) Freedom of action
7) Privacy in business affairs
8) Relatively high credit ratings

c. Disadvantages

1) Difficulty in obtaining large amounts of capital
2) Responsibility for all decisions; generally lack consulting partners or associates
3) Lacks incentive for best employee
4) Not permanent; business is dissolved when owner dies
5) Unlimited liability of the owner

2. The Partnership

a. Characteristics

1) Two or more persons own and operate a business together

a) Take advantage of complementary skills
b) Able to raise more capital

2) Profits and losses are shared on basis of agreement
3) Common to draw up a contract, "articles of partnership"
4) All partners are liable for 100 percent of the debts of the business.
5) Any act by one partner concerning the business, is binding on the other partners
6) Change of partners requires dissolving the old firm and establishing a new business.

b. Advantages

1) Case of formation; may require filing "articles of partnership" with the state
2) Permits specialization of duties among partners

3) Greater financial strength and better credit rating than individual proprietorship
4) Less governmental regulation than corporations or cooperatives
5) Desire of partners to "carry their share," often resulting in more profit

c. Disadvantages

1) Danger of disagreements between partners
2) Possibility of weakened management from divided authority among partners
3) Unlimited liability, making each partner responsible for debts incurred by other partner
4) Limited life of business; possible dissolution of business by death of one partner

d. Modifications of the partnership

1) Limited partnership: allowed in the states of Michigan, New Jersey, Ohio, Pennsylvania, and Virginia
2) Syndicate or joint venture: a partnership designed for a temporary or short term purpose
3) Joint stock company: important before the development of the corporation

3. The general-business-type corporation

a. Characteristics

1) Has a legal entity separate from those who comprise its ownership
2) Continuing life; not determined by length of owner's life
3) Ownership evidenced by shares of common stocks, which usually carry voting rights
4) Ownership easily transferred by selling and buying common stock
5) Management elected by voting stock holders
6) Need to be chartered by a state, but may do business in other states
7) Liability of individuals for the debts of a corporation only to the extent that they must own stock
8) Taxation of profits

b. Advantages

1) Limited liability to owners
2) Relatively easy to obtain capital by selling shares of stock
3) Has perpetual life
4) Considered a legal entity; owners cannot be sued
5) Ease of transferring ownership
6) Tendency of standard procedures to protect stockholders
7) Flexibility of business; can change its type of business or operation

c. Disadvantages

1) Closely regulated by state and federal government
2) Inability of large corporations to maintain secrecy
3) Generally heavily taxed; profits are taxed double i.e., both corporation and stockholders pay income tax
4) Lack of uniform state corporation laws
5) Have a lower credit rating in comparison to individual proprietorships and partnerships, because the assets of owners of a corporation are not available as security
6) Tend to be impersonal; management generally does not have as great interest as management in individual proprietorship or partnership

4. The cooperative-type corporation

a. Characteristics

1) Most common to agricultural businesses
2) Three principles of cooperatives

a) Distribution of earnings to members on basis of patronage (Explain)
b) Voting on basis of one member, one vote, rather than on shares of ownership
c) Limited returns on capital invested

3) Run by board of directors, elected by the members
4) Chartered by states

b. Advantages

1) Reduces the bad effects of lack of competition
2) Often improves members' bargaining power
3) Does not have profits double taxed like corporations
4) Permits close control of operations by members

c. Disadvantages

1) Frequent failure to pay adequate salaries to attract and hold superior managers
2) Failure of members to patronize their cooperatives, thereby reducing volume and profits
3) Usually takes too long to make decisions
4) Board of directors frequently untrained and inexperienced for their policy-making responsibilities

The table on the following page gives the characteristics of the four types of businesses and shows how they differ.

Suggested Teaching-Learning Activities

1. To introduce this material to the class, have the students review the prepared list of local agricultural supply businesses, and ask them to determine the type of ownership of each business. They will not be able to determine the ownership structure of all of them, but they may be able to discern different forms of ownership. Consider next the reasons why all businesses do not follow the same structural pattern. The major factors are as follows:

a. Liability of the owner for business obligations
b. Method of taxation on business and owners
c. Degree of control of the business by owners
d. Ease of acquiring capital
e. Amount of governmental control
f. Need for continuing the life of the business
g. Ease of expansion
h. Ease of changing the nature of business operations
i. Ease of moving into other states
j. Ease of transferring ownership

	INDIVIDUAL PROPRIETORSHIP	PARTNERSHIP	GENERAL BUSINESS TYPE CORPORATION	COOPERATIVE TYPE CORPORATION
How set up	By owner	By agreement among partners	By investors	By people needing goods or services
Controlled by	Owner	Partners	Owners of majority stock --one vote for each share owned	Members--one vote each
Disposition of earnings	All to owner	All to partners	Pay dividends to stockholders and retain reserves in the business	Pay interest or dividends on shares; return patronage refunds to patrons (what would be profit to a corporation) and retain reserves. Non-stock co-ops do not have shares.
Taxed in the business	Nothing	Nothing	All earnings	All earnings (except as exempted by certain laws)
Taxed to recipients	All earnings	All earnings	Dividends	Interest or dividends, and patronage refunds where they constitute income
Double-taxed	None	None	Dividends	Interest or dividends on shares
Taxed once	All earnings	All earnings	Reserves	Reserves and patronage refunds (to recipient)

2. After students have developed some knowledge, have a panel of resource persons speak to them about the types of business structures. Include on the panel an individual proprietor, a partner, and a member of a general business corporation, and a member of a cooperative board of directors.

3. Designate one member of the class an individual proprietor and two others partners. Divide the remainder of the class into equal groups of a board of directors for a general business corporation and as a cooperative. Have each group act as a small business for a week or two, actually selling such commodities as pencils or candy bars and operating the business as it should be conducted. Provide some time each day to answer questions or give directions.

4. Arrange a class visit to a board of directors meeting for a cooperative or a corporation.

5. Develop the table on page 17, by placing the column and side headings on the chalkboard and asking the students to fill in the appropriate information.

6. Have a representative of a cooperative which pays patronage dividends explain in detail how the amount of money each patron receives is determined and why that method is followed.

Suggested Instructional Materials and References

Instructional materials

Reproduced copies of the table on types of businesses

References

1. Business Organization, pp. 36-50.
2. Introduction to Business Enterprise, pp. 43-78.
3. Your Off-the Farm Business.

Suggested Occupational Experience

Have each student become familiar with the management and ownership structure of the business at which he is obtaining occupational experience.

IV. To understand the organizational patterns of agricultural supply businesses

Teacher Preparation

Subject Matter Content

When a business operated by an individual adds an employee, the division of duties and responsibilities must be clearly formulated and understood. If organization is desirable in the smallest and simplest business it becomes a must in a large concern. Management is able to accomplish more to reduce waste and improve efficiency when the business is well organized.

Certain principles of organization are essential to an effective business.

1. The organization should be designed to meet the needs of the business. The size of the business, the type of work, and the ability of the personnel necessarily dictate the method of organization.

2. The responsibilities of each personnel position should be well defined and understood.

3. Personnel delegated to accomplish certain responsibilities must have the authority to carry out the responsibility.

4. The organization should have provisions for insuring adequate control of performance.

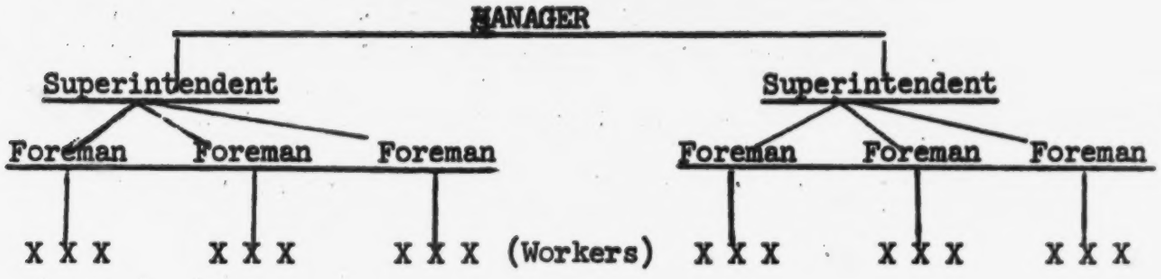
5. Communications are needed to keep personnel informed on other phases of the business to insure smooth operations.

6. The organization should maintain flexibility to permit transfer of functions to maintain highest efficiency as conditions change.

7. The organization should permit advancement of qualified personnel.

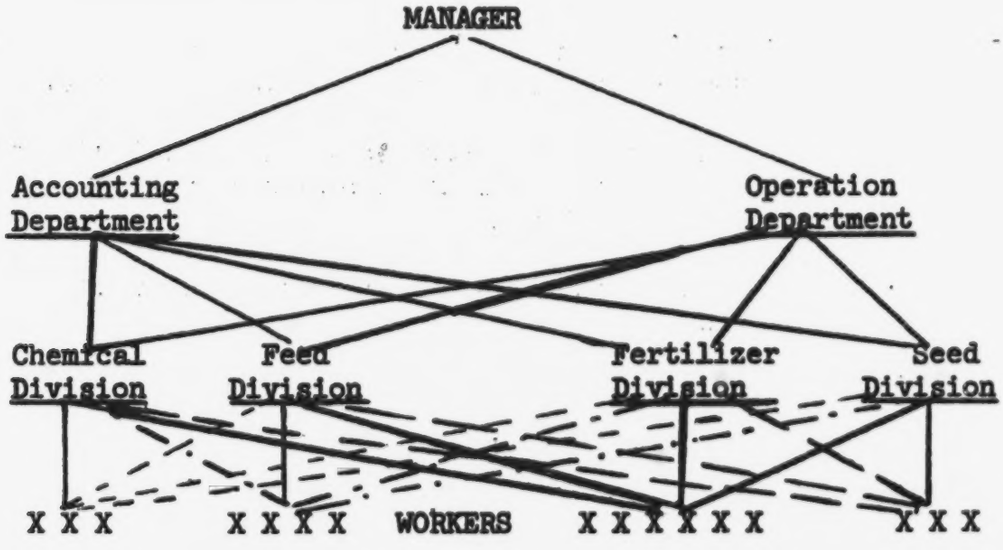
Probably as many types of business organizations exist as there are businesses, but most organizations have an organizational pattern similar to one of the following types:

1. Line or military pattern: Every person in the organization, except the lowest employees, has one or more subordinates to supervise; no person has more than one supervisor; and the top official has none. This pattern is most common in small businesses. It is diagramed below.



Line Pattern Organization

2. Functional pattern: The advantages to business of the division of labor were responsible for the development of the functional pattern. The advantage of this pattern is the increased efficiency resulting from changing all-around supervisors into specialist supervisors. This plan has not been widely accepted, but it is used by some agricultural supply businesses. It is shown in the following diagram:

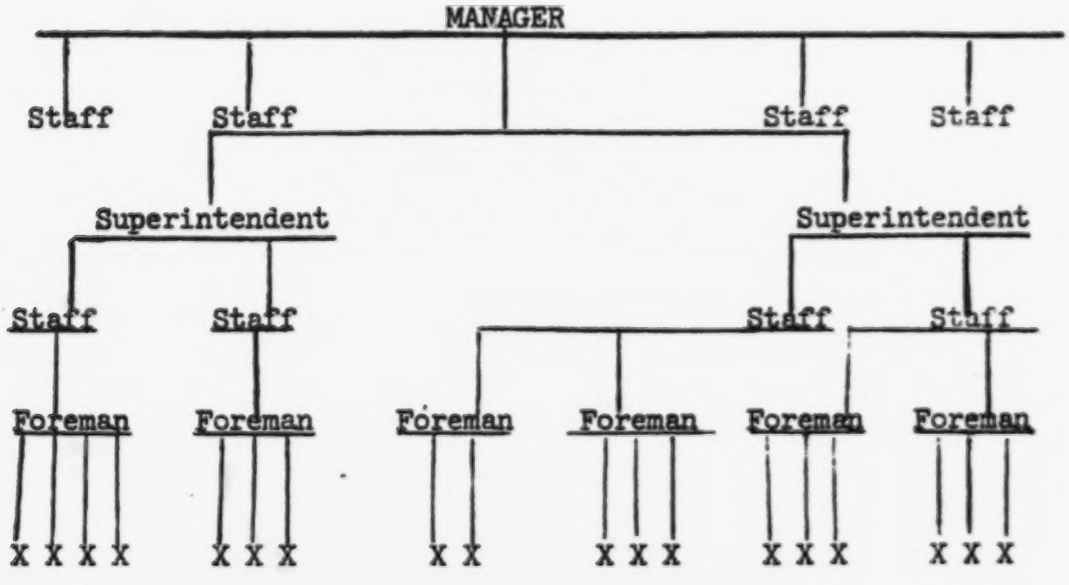


Functional Pattern of Organization

Workers, such as road salesmen, truckers, and warehousemen, work for all divisions. The divisions are responsible to both the Accounting and the Operation Departments for different activities. There could be other departments and different divisions and more or fewer divisions. Divisions or some other titles could be used for Department.

3. Line and Staff: This organizational pattern is most widely used in today's business. It provides the line authority of the line pattern, in addition to specialization of the functional pattern. It has the advantages of both the other patterns and few of their disadvantages. This pattern is diagrammed below.

There can be any number of superintendents, foremen, staff officers and workers in this pattern, depending on the complexity and size of the business. Chain type agricultural supply businesses normally have the line and staff form of organization. For example, a large feed company with company-owned stores may have several departments, each supervised by a superintendent, a vice-president, or a man holding any other title that indicates department head. The department in charge of company store operations includes accounting, shipping, and other personnel. In the diagram, foremen might be company store managers and the staff might be his office staff. Each worker might represent the head salesman or head warehouseman. They might have additional workers under these supervisors.



Line-and-staff Pattern of organization

Every employee of an agricultural supply business should become familiar with the organizational pattern of the business to understand the line of command and the relationship between employees.

Suggested Teaching-Learning Activities

1. Have each student diagram the organizational pattern in a local business, being sure he understands what is meant by pattern before attempting this task. After the patterns are finished, have the students compare them for similarities and differences. Perhaps they can fit them into one of the three patterns.

2. Give the students a hypothetical case of a business with 8-15 employees with various responsibilities. Have them diagram an organization for this business that they think would be functional. Have the students discuss the various patterns the class developed.

3. Have the students diagram the organizational pattern of the local school district.

4. Reproduce the three diagrams in this competency for handout to the students or to show to the class with an opaque or overhead projector.

Suggested Instructional Materials and References

Instructional materials

Copies of the three diagrams included in the competency

References

1. Business Organizations, pp. 65-76.

2. Introduction to Business Enterprise, pp. 206-233.

Suggested Occupational Experience

Have each student diagram the organizational pattern of the business at which he is obtaining occupational experience.

Suggestions for Evaluating Educational Outcomes of the Module

Evaluation of the students' understandings of the functions and organizational patterns of businesses should be done subjectively, as based on written tests, class discussion, reports, and papers they are assigned to prepare. There is little opportunity to measure them by some type of practical or objective method.

Sources of Suggested Instructional Materials and References

References

1. McNaughton, W. L. Business Organization. Patterson, New Jersey: Littlefield, Adams and Company. 243 pp. Price: $1.50.

2. McNaughton, W. L. Introduction to Business Enterprise. New York: John Wiley and Sons, Inc. 538 pp. Price: $5.62.

3. Phillips, Richard. Managing for Greater Returns. Manhattan, Kansas: Agricultural Research, Inc.

4. Your Off-the-Farm Business. Superior, Wisconsin: Central Cooperative, Inc. 55 pp.

5. Youth Wants to Know About Business Organization. Minneapolis: Minneapolis Grain Exchange, 4th St. and 4th Ave.

THE CENTER FOR RESEARCH AND LEADERSHIP DEVELOPMENT
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THE OHIO STATE UNIVERSITY
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COLUMBUS, OHIO, 43212

INSTRUCTOR NOTE: As soon as you have completed teaching each module, please record your reaction on this form and return to the above address.

1. Instructor's Name_____

2. Name of school_____State_____

3. Course outline used: _____Agriculture Supply--Sales and Service Occupations
_____Ornamental Horticulture--Service Occupations
_____Agricultural Machinery--Service Occupations

4. Name of module evaluated in this report_____

5. To what group (age and/or class description) was this material presented?____
_____

6. How many students:
a) Were enrolled in class (total) _____
b) Participated in studying this module _____
c) Participated in a related occupational work experience program while you taught this module _____

7. Actual time spent teaching module:

		Recommended time if you were to teach the module again:
_____hours	Classroom Instruction	_____hours
_____hours	Laboratory Experience	_____hours
_____hours	Occupational Experience (Average time for each student participating)	_____hours
_____hours	Total time	_____hours

(RESPOND TO THE FOLLOWING STATEMENTS WITH A CHECK (√) ALONG THE LINE TO INDICATE YOUR BEST ESTIMATE.)

	VERY APPROPRIATE	NOT APPROPRIATE
8. The suggested time allotments given with this module were:		
9. The suggestions for introducing this module were:		
10. The suggested competencies to be developed were:		
11. For your particular class situation, the level of subject matter content was:		
12. The Suggested Teaching-Learning Activities were:		
13. The Suggested Instructional Materials and References were:		
14. The Suggested Occupational Experiences were:		

(OVER)

15. Was the subject matter content sufficiently detailed to enable you to develop the desired degree of competency in the student? Yes_____No_____
Comments:

16. Was the subject matter content directly related to the type of occupational experience the student received? Yes_____No_____
Comments:

17. List any subject matter items which should be added or deleted:

18. List any additional instructional materials and references which you used or think appropriate:

19. List any additional Teaching-Learning Activities which you feel were particularly successful:

20. List any additional Occupational Work Experiences you used or feel appropriate:

21. What do you see as the major strength of this module?

22. What do you see as the major weakness of this module?

23. Other comments concerning this module:

_____ _____
(Date) (Instructor's Signature)

_____
(School Address)